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Governor

STATE OF NEVADA  
COMMISSION ON MINERAL RESOURCES  
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**ALAN R. COYNER**  
Administrator

## ACTIVITY AND ACHIEVEMENTS JUNE 2013

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### ADMINISTRATION (ALAN)

1. Worked with John to develop a strategy to immediately address the unsecured high hazards in the AML database.
2. Traveled to Elko for the Corporate Guarantee Review Panel meeting. Confirmed Newmont and Barrick to continue at current amounts. Toured Newmont's Leeville underground mine.
3. Responded to a request from a solicitor in England concerning mining claims held by Milton Ellis Rawe.
4. Assisted Loren Paripovich of Minnesota in locating sulfide concentrates for testing.
5. Requested clarification from Newmont concerning the gold production amount from the Emigrant mine.
6. Responded to a request from the Las Vegas Review Journal concerning a mining application from the Searchlight Mercantile Company.
7. Met with George Benesch, lawyer for the Break-A-Heart Ranch concerning geothermal fluids flowing on their property at Wabuska.
8. Reviewed discharge issues at the Wabuska geothermal plant.
9. Discussed the discharge of geothermal fluids on the Fleeman property with the owners of the Wabuska geothermal plant.
10. Responded to a request from ENEL concerning permits for geothermal wells in the Stillwater area.
11. Provided comments to the BLM concerning draft guidelines for temperature gradient geothermal wells.
12. Reviewed Noble Energy drilling permits with Lowell.
13. Provided a review on the status of hydraulic fracturing in Nevada to the law firm of McDonald Carano Wilson.
14. Responded to an inquiry concerning the release of data from the Major Oil well in Hot Creek Valley.
15. Provided additional information to interested parties concerning data from the Elbana#1 oil well near Tonopah.
16. Attended the Elko Expo in Elko and manned the agency booth.
17. Agreed to a no cost extension for the NBMG sample curation grant.
18. Provided a letter to NBMG concerning approval of the \$100K project funding in FY14.
19. Attended the Mining Oversight and Accountability Commission meeting and reported on NDOM activities.
20. Reviewed and submitted the deposition transcript from the Southern California Edison case.

## **RECLAMATION BOND POOL (MIKE)**

1. Provided information to Ellen Farley (Enviroscientists) for two bond increases and two bond refunds for TGC Holdings.
2. Received requests for action on four existing bonds with TGC Holdings, worksheets were provided to Enviroscientists to facilitate processing.
3. Processed one bond reduction for Renaissance and five releases for Midway Gold.
4. Processed bond release for Max Resource Corp. and a reduction for Montezuma Mines. Prepped new bond documents for Irongate Minerals.
5. Processed two bond increases for TGC Holdings and NV Gold, and one bond transfer from WK Mining to Mexivada.
6. Answered bond reassignment questions for Mohawk Drilling.
7. Sent bond termination letters to Escape Gold (Nevada) Inc. for their Red Rock project (NVN-83633 and FS POO 2810) due to failure to pay annual premium payments.
8. Answered questions from, and provided information to, Global Silica and American Vanadium regarding bonding options for Plan-level operations.
9. Spent time with auditor reviewing the Reclamation Bond Pool program and providing her with requested data.
10. Completed annual survey requested from the Controller's Office regarding intangible assets and began work on year-end bond reconciliation.

## **MINING, LAND AND OTHER ISSUES (MIKE)**

1. Received AML securing information from Bo Elgby (Western Lithium Corp.) and updated AML database.
2. Answered questions from Ron James (Comstock Mining) regarding securing needs and options for the historic upper Yellow Jacket hoist works in Gold Hill.
3. Conducted downhole camera survey of Sutro Air Shaft #4 with help from contractor Brian Breiter. Shaft was originally 1,485' deep, now bridged and filled with rock and debris to 96' deep. No bats were observed and potential for habitat is very limited. The size of the collar (42' X 39') makes conventional hard closures cost-prohibitive. Will recommend more permanent chain-link fencing as securing alternative to BLM.
4. Supervised and assisted contractor EPS with Chukar mine bat compatible closures. Documented work with photographs and conducted revisits at six additional sites in Douglas County.
5. Submitted "before" and "after" photos of Long Mine AML hard closure work to NDOW and BLM and updated all closure information in database.
6. Received phone call from geologist Natalie Deringer (Wharf Resources – South Dakota) concerning the Grey Dogs Project in Dayton run by Three Stones Management. She provided a due diligence report she prepared for an investor including sample assays and correspondence. The report was forwarded to NDEP.
7. Answered questions regarding NI 43-101 documents and their requirements from Caran Meaney (Walsh Environmental) and provided her with link to NBMG's interactive map of said documents.
8. Alan, Lowell and I met with George Benesch, attorney for Break-A-Heart Ranch, to discuss water discharge issues at Wabuska.

9. Traveled to Elko and attended Elko Mine Expo representing the Division, performed booth duties and provided information and outreach materials to attendees. (Two days of presentations – approximately 9,000 attendees)
10. Worked with State Purchasing to complete purchase of new agency truck from non-contracted vendor due to incorrect truck delivered by contracted vendor.
11. Provided the Controller's Office with requested information needed for the completion of agency's Comprehensive Annual Financial Report (CAFR).
12. Alan and I attended the quarterly Mining Oversight and Accountability Commission meeting.
13. Attended IMCC conference call regarding national and state-specific Good Samaritan legislation and potential projects and their impacts.

#### **AML / PUBLIC AWARENESS - NORTH (JOHN)**

1. Camped with and performed AML field work and training with the summer interns along with Rachel and Rob in the Berlin-Ichthyosaur State Park area. Areas AML work was performed includes: Ione, Grantsville, Ellsworth, Mt Ardivay, Paradise Peak, and South Shoshone Peak of Nye and Lander counties.
2. AML work completed includes: 19 new securings, 70 new hazards logged, 455 new non-hazards logged, and 26 re-visits performed.
3. AML work completed in Nye County includes: 29 new securings, 32 new hazards logged, and 130 new non-hazards logged.
4. Helped prepare interns for their week of work around Beatty in southern Nye County.
5. AML field visit to Tonopah to work with interns to secure high hazards in Esmeralda and Nye counties.
6. Prepared for field work and visit next week with the interns in northern Nye and Esmeralda counties.
7. Continued entering new logging data for Elko County on work performed by the BLM Elko office.
8. AML work was performed by the Interns in Nye and Esmeralda counties around the Tonopah area. Work accomplishments include: 131 new hazards logged, 804 new non-hazards logged, 143 re-visits performed, and 57 new hazards were secured.
9. Prepared a print out of the non-secured high hazards in the database in order to determine their status.
10. Continued work determining status of non-secured high hazards.
11. Updated the status of 27 non-secured high hazards to: secured status and/or no longer ranked as high hazards, due to recent AML work performed.
12. Made changes to some high hazards in the database to reflect their secured status or appropriate downgrade in hazard ranking from high to moderate due to lower location and/or degree ranking.
13. Provided NDOW with hazard ID sheets and topo maps for the Green & Gold and Fencemaker mines in Pershing County.
14. Updated the weekly mines and the 2013 summer intern tracking sheet.
15. Completed the closure reports for the Long Mine CX in Pershing County and sent the reports to the BLM.
16. Completed the closure reports for the Chukar (1) Mine CX in Douglas County and sent to the results to the BLM.

17. Prepared an amendment to the NV Quicksilver CX and sent it to the BLM.
18. Contacted James Eason to discuss securing work to be performed at the Tonopah Historic Mining Park.
19. Met with James Eason in Tonopah to decide the specifics of securing work to be performed at the Tonopah Historic Mining Park and then proceeded to secure 5 hazards (4 high and 1 moderate) at the park.
20. Shuttled field trucks for maintenance and service repairs with the interns and prepared 2 P.O.'s for vehicle repairs.
21. Prepped with the interns 3 buckets of rocks for the teacher's workshop mineral & rock kits.
22. Attended the NMA Education Committee teacher's workshop meeting.

#### **AML / GIS (RACHEL)**

1. Traveled to the Berlin area of Nye County for week three of training with the summer interns. Logged several non-hazards and hazards, conducted revisits and secured several sites in the area. Assisted the interns in filling out paperwork and best practices for correctly inventorying AML features.
2. Assisted the interns in all end of the week formalities.
3. Printed maps for field work that will be conducted south of Beatty during the week of June 10th.
4. Completed routine database QA/QC. Added new data to the database and updated existing information.
5. Made and printed maps for the summer interns to use during the following weeks. Compiled lists and photos for the sites needing to be secured and revisited in the areas being visited by the interns.
6. Trained the two interns in the office on database entry and photo editing. Assisted them with entering new hazard inventory sheets and updating existing entries with revisit information. Assisted with correcting errors on hazard inventory forms from previous weeks. Worked with them on planning and organizing the week of June 17th. Showed them how to conduct land research using Nevada Land Records, Google Earth, and LR 2000 so that they could determine any hazards that may be orphans.
7. Sent KML files containing upcoming work on USFS land to Brian Breiter.
8. Compiled a spreadsheet showing the distribution of all high hazards recorded in the database. Submitted the excel file to John for review.
9. Compiled a flow chart showing what to do when at certain sites in the field for the interns to reference. The chart shows the proper course of action for revisits, new loggings (hazards and non-hazards), and sites needing securing. This was completed in order to answer any questions the interns may have while in the field without staff members.
10. Completed research for unsecured hazards in White Pine County. Updated the database with this new information.
11. Assisted the summer interns with end of the week office work after their week in Beatty.
12. Entered in non-hazards into the database from field work completed by the summer interns South of Beatty during the previous week.
13. Emailed several maps for the first 10 day trip with the intern to Rob so that he could use them while in the field with the interns.

14. Double checked all photos and work completed by the interns during the previous week. Marked mistakes and any information that needed to be changed and corrected.
15. Worked on planning the interns work week for the week of July 1st. Printed all maps and hazard ID sheets and photos for revisit and securing work.
16. Developed an alternate plan for the week of July 1st due to the fact that the storage shed must be moved.
17. Made and printed all maps that will be needed for intern AML work for the week of July 10th. Queried the database to locate all unsecured, orphaned hazards, all unsecured moderate and high hazards, and all sites needing to be revisited within the quadrangles outlined for the work week. Created KML files to assist in the planning of this week with the interns.
18. Reviewed all forms filled out and submitted by the interns during their first 10 day trip (June 17th – 26th). Found and marked those forms that had not been filled out correctly or were missing information and returned the forms to the interns inboxes to be corrected on Monday, July 1st.
19. Received a request for GIS information pertaining to the work being completed by EPS in the Pine Grove area of Lyon County.
20. Added all non-hazards collected by the interns during their 10 day trip to the AML non-hazard database after proofing the data for errors.
21. Added new logged and secured hazards to the database. Performed database QA/QC.
22. Attended the education committee meeting at the Nevada Mining Association in Reno. This was the last meeting before the July Northern Nevada Workshop. Finalization of plans, what each person needs to bring, and attendance in sessions was discussed, among other things. Spoke with several people regarding organization and supplies to bring for the workshop.

#### **AML / GIS (ROB)**

1. With Rachel and John, led the training week two field work in Nye County with the summer interns. Further improved their skill on logging hazards, non-hazards, and revisits and perform securings and repairs on Orphan land.
2. With Rachel, instructed and performed the end of week two's field work "data dump" to the interns. Showed them how to upload the photos, non-hazard GPS points, and where to file all the paperwork.
3. Instructed two interns how to plan/schedule the following week's field work. Research had already been done by Rachel and I but gave them the tools they needed so they could act as leads for the following week.
4. Led the final training week field work in southern Nye County with the summer interns. Further improved their skill on logging hazards, non-hazards, and performing securings and repairs on orphan sites.
5. Orchestrated the intern's weeks "data dump" and started to help the interns plan for the following week.
6. Entered data from the intern's week two in Pershing County into the database. Updated Pershing County maps with the new AML data.
7. Prepped the interns for the 10 day field work in Nye County.
8. Printed out 39 maps for Churchill County.

9. Performed field work in southern Nye County with the summer interns. Further improved their skill on logging hazards, non-hazards, and performing securings, revisits, and repairs on claimed, patented, and orphan land.
10. Entered data from the intern's week five in Nye County into the database. Updated Nye County maps with the new AML data.
11. Correlated all hazards on the Robinson Mining claim block and broke them out to secured vs. unsecured and which are on the POO and which are not. Put them into excel spreadsheets and provided them to Robinson Mining.
12. Correlated all unsecured hazards on Mineral Exploration Services on their Toy Mining District in Churchill County.
13. Performed QAQC on the AML Database.
14. Worked on updating the summer unsecured claimants mail out.

#### **AML / PUBLIC AWARENESS - SOUTH (BILL)**

1. AML claim ownership research conducted – Nye and White Pine Counties.
2. Assembled maps and materials for AML work with the intern crew the week of June 10.
3. Logged in 15 securings (all backfills) completed by the BOR crew in White Pine County.
4. Worked with Rob and summer intern crew in the Lee Mining District west of Big Dune south of Beatty in Nye County. AML hazards investigated, ranked and secured, non-hazards logged.
5. Conducted AML claim research at the Nye County Assessor's office.
6. Participated in conference call with BLM and BOR – The BOR crew completed 7 additional closures in White Pine County (closure reports forthcoming) and is heading to Pershing and Humboldt Counties to recon sites designated for closure by Winnemucca BLM. Work will begin when the crew returns to Nevada on July 8.
7. Logged in 10 mine closures completed by the BOR crew in White Pine County.
8. Updated AML claim research for unsecured hazards on Clark County patented mining claims.
9. Re-visited AML sites in Clark County listed as unsecured HIGH hazards. Took action to secure these hazards.
10. Conducted AML claim research – Clark County.
11. Secured three HIGH-ranked AML hazards near Pioche in Lincoln County.
12. Logged in securing information and photographs for AML securing work completed in Lincoln County.
13. Met with James Eason and Ed Tomany at the Tonopah Historic Mining Park to observe and evaluate work needed to repair a portion of the Mizpah shaft timbering that came loose and fell approximately 20 feet below the collar - minor caving of shaft walls was noted. Also assessed work needed to replace timber cross-members and support braces that dislodged from the Desert Queen headframe (wind damage).
14. Received four buckets of fluorite from Ed Tomany for teacher workshop mineral kits.
15. Staff and intern crew collected calcite for teacher workshop mineral kits at the Daisy-Crowell fluorspar mine site near Beatty
16. Attended the NvMA Education Committee meeting in Reno. Final planning for the July 16-18 teacher workshop.
17. Bagged and tagged silver ore samples for Reno teacher workshop "goodie bags".
18. Completed edits on teacher workshop activity session materials.

## **GEOHERMAL (LOWELL)**

1. Reviewed HSS II's sundry notice for the plugging and abandonment of the Tuscarora 35-8 observation well. Alan approved.
2. Reviewed Gradient Resources' sundry notice to flow test the Patua 21-28 production well, fluids through pipeline, and inject fluids into the 44-21 production well. The testing will occur intermittently over a 29 day period. Alan approved.
3. Reviewed Gradient Resources' sundry notice to drill a sidetrack in the Patua 36-17 production well. The sidetrack will be directionally drilled and remain within section 17. Alan approved.
4. Reviewed Gradient Resources' sundry notice to plug back the 38(42-28)-21 production well and drill the 38 (22-28)-21 sidetrack. Received BLM notification of approval. Alan approved.
5. Reviewed ORNI 39 LLC's (Ormat Nevada) sundry notice to extend the expiration period of the McGinness Hills 57C-22 production well to 2/18/2014. Alan approved.
6. Reviewed ORNI 39 LLC's sundry notice to revise the drilling program for the McGinness Hills 57C-22 production well. The proposed change includes a total depth of 3,000 feet rather than the originally permitted 6,000 foot total depth. Alan approved.
7. Reviewed the UNR Board of Regents Reno Airport TG-1 temperature gradient permit application and drilling program. The proposed total depth is 1,000 feet. The well is being drilled as a cooperative effort with the federal Department of Energy. Alan approved.
8. Reviewed HSS II's sundry notice for drilling and casing changes in the Tuscarora 33-7 observation well drilling program. Alan approved.
9. Reviewed Gradient Resources' sundry notice drill a new sidetrack of the original 38(51-28)-21 wellbore. This second sidetrack will be named 38(22-28)-21 ST2. The previous sidetrack, 38(42-28)-21 ST1. The change in well path will still take the wellbore into Section 28, the adjoining BLM lease. Received BLM notification of approval. Alan approved.
10. Reviewed Gradient Resources' sundry notice to alter the sidetrack wellbore path in the Patua 36-17 production well. Azimuth and inclination changed, but a previously approved total depth of 10,000 feet remains the same. The sidetrack will be directionally drilled and remain within section 17. Alan approved.
11. Reviewed US Geothermal's sundry notice to perform a workover on the San Emidio 61-21 observation well. Alan approved.
12. Reviewed Ormat Nevada's sundry notice to pull the pump and temporarily shut in the Steamboat 41-5 production well. Alan approved.
13. Reviewed ORNI 39 LLC's (Ormat Nevada) permit application and drilling program for the McGinness Hills 66C-22 injection well. The drilling program inferred the well is to be directionally drilled, but there was no directional drilling program included. Waiting to receive directional drilling program from Kyle Snyder at Ormat Nevada. The proposed total depth is 3,025 feet. Waiting on UIC approval for wellbore construction. Waiting on BLM approval.
14. Reviewed Gradient Resources' permit application and drilling program for the Patua 55(45-20)-20 injection well. The proposed total depth is 9,584 feet and will be directionally drilled. Waiting on UIC approval for wellbore construction. Waiting on BLM approval.

15. Reviewed Gradient Resources' sundry notice to plug back the Patua 38(22-28)-21 sidetrack due to the lack of production capability. Received BLM notification of approval. Alan approved. A new directional program for an additional sidetrack will be presented to NDOM and the BLM.
16. Reviewed Gradient Resources' sundry notice to alter the sidetrack wellbore path in the Patua 14(24)-28 production well. The sidetrack will be renamed 14(12)-28 and will remain within section 28. Approved total depth to change from 9,200 feet to 7,780 feet. Received BLM notification of approval. Alan approved.
17. Wells drilling: Gradient Resources Patua 36-17 ST1 production well; Gradient Resources Patua 38(22-28)-21 ST2 production well; Gradient Resources Patua 14(24)-28 production well; HSS II Tuscarora 35-8 observation well; HSS II Tuscarora 33-7 observation well.

#### **OIL AND GAS (LOWELL)**

1. Reviewed Kirkwood/Wesco's sundry notice for the plugging and abandonment of the Eagle Springs 81-35 injection well. The UIC and BLM set parameters for the plugging and abandonment of the well. Received UIC and BLM notifications of approval. Alan approved.
2. Reviewed Noble Energy's permit application, drilling program, and completion program for the proposed M10C-M10-11B well in Elko County, NW/4 NW/4 S 10, T34N, R58E. The well is to be drilled vertically to a proposed total depth of 12,700 feet. Alan approved.
3. Reviewed Noble Energy's permit application, drilling program, and completion program for the proposed M10C-M10-22A well in Elko County, NW/4 NW/4 S 10, T34N, R58E. The M10C-M10-22A will be drilled on the same drilling pad as the M10C-M10-11B. The M10C-M10-22A will be drilled to a total depth of 12,700 feet. Alan approved.
4. Reviewed Makoil's informational sundry notice on the 'spudding' of the Leoman Spring 1-32. Conductor pipe was actually put in place. Another rig will come in within 30 days to drill the well. Alan approved.
5. Reviewed Grant Canyon's informational sundry notice for the Blackburn 14 work-over. Alan approved.
6. Reviewed Major Oil's Eblana 2 permit application and drilling program. The proposed well is to be drilled on the same federal lease as Eblana 1. The proposed total depth of the Eblana 2 is 8,000 feet. Waiting on BLM approval.
7. Reviewed Makoil's sundry notice to plug and abandon the Dry Lake 21-21R well in Railroad Valley. Received BLM notification of approval. Alan approved.
8. Reviewed Grant Canyon LLC's sundry notice to suspend air injection in the Blackburn 16 well and test the well. Waiting on BLM approval.
9. Reviewed MTS Energy's well status report on the Ferguson Spring 7-31 well, which is shut-in. Alan approved.
10. Drilling/Completion: Makoil Portuguese Mountain 14A-12; Makoil Dry Lake 21-21R.

#### **OTHER (LOWELL)**

1. Attended Alan's presentation to a group of attorneys at the McDonald, Carano, and Wilson law firm in Reno. Alan covered the functions of the Division of Minerals, as well as facts pertaining to hydraulic fracturing.



2. Alan and I met with George Benesch, attorney representing the Break-a-Heart Ranch. Discussed water encroachment on the Break-a-Heart Ranch from the Wabuska Power Plant discharge. Alan and I will try to set up a meeting between George Benesch, Kim Fleeman (property borders the Wabuska Power Plant), and NDOM to discuss the issue of water encroachment.
3. Toured the Patua Geothermal Field on Thursday, June 20th, with Jeff Ball (City of Fernley), Carla James (Carson BLM), and Kenneth DePaoli (Carson BLM).
4. Attended the BLM Oil & Gas Lease Sale at the BLM State Office in Reno on June 11th. The results of the sale are as follows:

Nevada State Office

**Oil and Gas Competitive Lease Sale Results Summary**

June 11, 2013

Total number of parcels offered: 40

Total number of acres offered: 65,846.130

Total number of parcels receiving bid: 33

Total number of acres receiving bid: 53,923.500

Total sum of high bids: \$776,335.00

High bid per parcel: \$200,000.00

High bid per acre: \$125.00

Total receipts: \$862,183.00

Were there any disruptions or unusual events during the sale? No

Total number of parcels protested: 0

Total number of protests received on the sale: 0

Total number of acres protested: 0

Total number of protested parcels offered: 0

Total number of parcels withdrawn as a result of protests: 0

Total number of parcels withdrawn for other reasons: 1

Total number of acres deferred from the preliminary list for sage grouse: 0

All monies due were received? Yes

Bureau of Land Management

Nevada State Office

**Non-competitive Oil and Gas Lease Sale Results**

June 11, 2013

Offers filed: 8

Offers rejected: 0

Offers returned for correction: 0

Parcels available for NCO: 7

Parcels receiving offers: 6

% parcels receiving offers: 86.00%

Parcels receiving multiple offers: 1

Acres available for NCO: 12,403.00

Acres receiving offers: 10,400.63

% acres receiving offers: 84.00%

Total rental collected (all parcels): \$15,601.50

Rental fees retained: \$15,601.50

Filing fees collected: \$3,120.00

Total fees retained: \$18,721.50

Total deposit: \$18,721.50

Refund: \$0.00